

Message Text

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PAGE 01 JAKART 08847 070444Z

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 ISO-00 SP-02 USIA-06 AID-05

NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03

LAB-04 SIL-01 L-03 IO-13 PA-01 PRS-01 H-02 /107 W

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R 070330 ZJUL 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 5476

INFO AMEMBASSY PARIS

AMCONSUL HONG KONG

LIMITED OFFICIAL USE JAKARTA 8847

HONG KONG FOR TREASURY REP SHARPE

EO 11652: NA

TAGS: EFIN ID

SUBJECT: MORE REACTION FROM GOI OFFICIALS ON

U.S. IRB PROPOSAL

REF: (A) STATE 150357, (B) JAKARTA 8274

1. THERE IS A NEED FOR CONSIDERABLE CLARIFICATION ON PART OF US OF ITS PROPOSAL FOR INTERNATIONAL RESOURCES BANK, ACCORDING TO GOI DIRECTOR GENERAL OF FOREIGN TRADE SUHADI MANGKOESOEWONDO. IN COURSE OF 3 JULY MEETING WITH SUHADO TO DISCUSS TROPICAL PRODUCTS AT MTN, ECONOMIC COUNSELOR BROUGHT UP U.S. IRB PROPOSAL. SUHADI POINTED OUT THAT AT INITIAL TABLING AND REJECTION IN NAIROBI AT UNCTAD IV, IRB PROPOSAL WAS POORLY DEFINED AND ILL-PRESENTED. ONLY SLIGHT IMPROVEMENT WAS MADE WHEN US PRESENTED PROPOSAL IN MORE DETAIL BEFORE CIEC COMMITTEES LAST MONTH.

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PAGE 02 JAKART 08847 070444Z

2. PROBLEM, SUHADI EXPLAINED, WAS AT NEITHER VERSION ADDRESSED CONCERN OF LDCS THAT IRB WILL NOT RESULT IN NET INCREASE IN CAPITAL FLOWS FOR DEVELOPMENT OF NATURAL RESOURCES AND MAY IN FACT REDUCE AMOUNTS AVAILABLE TO IBRD, IDA, ADB, AND OTHER REGIONAL DEVELOPMENT LENDING INSTITUTIONS FROM INDUSTRIALIZED COUNTRIES. THE LDCS PERCEIVED IRB AS MERELY AN ALTERNATIVE TO EXISTING FUNDING SOURCES RATHER THAN AN ADDITION. SUHADI SAID THAT THE GOI, AS A MEMBER OF BOTH THE RAW MATERIALS AND ENERGY COMMITTEES OF CIEC IS FULLY AWARE OF THE IRB PROPOSAL AS A CONCEPT, BUT THAT MUCH MORE DETAIL IS NEEDED.

3. COMMENT: SUHADI'S COMMENTS INDICATED THAT GOI HAS NOT YET REJECTED IRB CONCEPT, BUT THAT US HAS DONE POOR JOB IN TWO ATTEMPTS TO SELL IT. ALTHOUGH IRB IS NOT SPECIFICALLY SUHADI'S CONCERN, HE WAS WELL INFORMED ON IT AND HIS VIEWS PROBABLY REFLECT THOSE OF MOST TOP LEVEL GOI OFFICIALS.
NEWSOM

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

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Draft Date: 07 JUL 1976
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Disposition Approved on Date:
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Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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Executive Order: n/a
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Margaret P. Grafeld
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EO Systematic Review
04 MAY 2006

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